

## Message Text

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PAGE 01 BUDAPE 02672 051419Z  
ACTION EUR-12

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R 051034Z JUL 78  
FM AMEMBASSY BUDAPEST  
TO USDOC WASHDC  
INFO SECSTATE WASHDC 1872  
AMEMBASSY BERLIN  
AMEMBASSY BELGRADE  
AMEMBASSY MOSCOW  
AMEMBASSY BUCHAREST  
AMEMBASSY PRAGUE  
AMEMBASSY SOFIA  
AMEMBASSY VIENNA  
AMEMBASSY WARSAW

UNCLAS BUDAPEST 2672

VIENNA FOR EWTDSO

E.O. 11652: N/A  
TAGS: BEXP, HU  
SUBJECT: 1978 BUDAPEST INTERNATIONAL SPRING FAIR - MAY 17-25

REF: A) BUDAPEST 1397, B) BUDAPEST 2612

1. THE 1978 BUDAPEST INTERNATIONAL SPRING FAIR, HUNGARY'S MAJOR CAPITAL EQUIPMENT EXHIBITION, ATTRACTED 500,000 VISITORS TO THE PAVILIONS OF 28 PARTICIPATING COUNTRIES. HUNGEXPO'S (THE HUNGARIAN FAIR AUTHORITY'S) 28,235 SQUARE METERS OF INDOOR AND 300,888 SQUARE METERS OF OUTDOOR EXHIBIT SPACE ACCOMMODATED 1,907 EXHIBITORS, 700 OF WHICH WERE HUNGARIAN ENTERPRISES AND 1207 OF WHICH WERE FOREIGN FIRMS. THERE WERE 109 EXHIBITORS FROM SOCIALIST COUNTRIES AND 1098 FROM NON-SOCIALIST COUNTRIES. THE FRG, THE UK, AUSTRIA, CZECHOSLOVAKIA, POLAND AND THE USSR MOUNTED THE UNCLASSIFIED

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LARGEST EXHIBITS. DISPLAY ITEMS INCLUDED PRECISION ENGINEERING EQUIPMENT, TELECOMMUNICATIONS EQUIPMENT, OFFICE MACHINES, COMPUTERS, COMPUTER PERIPHERALS, ELECTRICAL MACHINERY, POWER GENERATION MACHINERY, METAL WORKING EQUIPMENT, METALLURGY PRODUCTS, BUILDING INDUSTRY PRODUCTS AND MACHINERY, AIR CONDITIONING EQUIPMENT, HYDRAULIC MACHINES, HOTEL AND RESTAURANT

EQUIPMENT, EQUIPMENT FOR THE AUTOMOTIVE INDUSTRY, RAW MATERIALS AND MACHINERY FOR LIGHT INDUSTRIES, EQUIPMENT FOR THE CHEMICAL INDUSTRY, MINING EQUIPMENT AND SANITATION VEHICLES AND EQUIPMENT. EXHIBITORS OF MEASURING INSTRUMENTS, TELECOMMUNICATIONS EQUIPMENT, COMPUTERS AND OFFICE MACHINES WERE MOST NUMEROUS.

2. EMBASSY ESTIMATES THAT 40-50 U.S. FIRMS TOOK PART, SOME WITH COMPANY PAVILIONS, OTHER THROUGH AGENTS IN WESTERN EUROPE OR HUNGARIAN AGENCY COMPANIES. COMOFF VISITED BOOTHS AND CHATTED WITH REPRESENTATIVES OF FOLLOWING U.S. COMPANIES: SPERRY VICKERS, ALLEN BRADLEY, HYSTER, PEADBODY HOLMES, HEWLETT-PACKARD, 3M, RANK XEROX, IBM, BURROUGHS, INSTRUMENTATION LABORATORY, DUPONT, PERKIN-ELMER, SYLVANIA, ITT, BECKMAN INSTRUMENTS, CARRIER, GM, OWATONNA TOOL CORP, SUNNEN PRODUCTS, AND KODAK. COMMUNICATIONS EQUIPMENT MANUFACTURERS FROM AMONG THE ABOVE WERE INFORMED OF U.S. EXHIBITION UNDER THAT THEME IN 1979 BUDAPEST SPRING FAIR. EMBASSY RECOMMENDS USDOC CONTACT PARENT FIRMS IN U.S. AS WELL AS EUROPEAN OFFICES OF THESE FIRMS FOR FOLLOW-UP. (IN THIS CONNECTION, PLEASE ALSO SEE REFTTEL A.) EMBASSY WILL POUCH TO USDOC CATALOG (HUNGARIAN LANGUAGE) CONTAINING NAMES AND ADDRESSES OF ALL FAIR PARTICIPANTS. WE WILL ALSO POUCH OTHER ENGLISH LANGUAGE INFORMATION BULLETINS.

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3. MANY OF ABOVE FIRMS EXPECTED MODEST OFF-THE-FLOOR SALES. THEY FELT, THOUGH, THAT THEIR PARTICIPATION IN FAIR WAS ESSENTIAL FOR SEVERAL REASONS. FIRST, IT PROVIDED THEM MARKET EXPOSURE TO A RANGE OF POTENTIAL END-USERS IN A CONFINED AREA, OVER A SHORT PERIOD OF TIME IN WHICH MINIMAL EFFORT WAS REQUIRED TO MAKE APPOINTMENTS OR OTHER BUSINESS ARRANGEMENTS; SECOND, FROM THE DISPLAYS OF VARIOUS HUNGARIAN ENTERPRISES, U.S. FIRMS COULD GLEAN, AGAIN WITH MINIMUM EFFORT, AN IMPRESSION OF WHAT HUNGARIAN INDUSTRY MANUFACTURES, HOW WELL IT MANUFACTURES AND WHAT TECHNOLOGY HUNGARIAN ENTERPRISES NEED TO IMPROVE PRODUCTION; FINALLY, U.S. FIRMS WERE ABLE TO OBSERVE WITH LITTLE DIFFICULTY DISPLAYS OF COMPETITOR FIRMS FROM WESTERN EUROPE AND JAPAN. WHILE NONE OF THE REPS WITH WHOM COMOFF SPOKE WOULD SPECULATE ABOUT THE AMOUNT OF SALES THEY EXPECTED FROM THE FAIR, MOST EXPECTED SALES. ALL MENTIONED THEY HAD OBTAINED SUBSTANTIAL SALES LEADS. MOST SAID THEIR FIRMS WOULD PARTICIPATE AGAIN NEXT YEAR. ONE REP SAID HE PREFERRED HIS FIRM'S EXHIBITING IN ITS OWN PAVILION RATHER THAN AS PART OF AN OFFICIALLY SPONSORED U.S. EXHIBITION.

4. GIVEN ABOVE INFORMATION ON 1978 BUDAPEST SPRING FARI, GENERAL COMMENTS OF U.S. REPS AT THIS YEAR'S FAIR, AND MOST IMPORTANT, THE COMING INTO EFFECT OF THE NEW U.S.-HUNGARIAN TRADE AGREEMENT EXTENDING MUTUAL MFN TARIFF TREATMENT, THE SPRING FAIR IS INDEED AN IMPORTANT TRADE PROMOTION VEHICLE OF WHICH THE U.S. SHOULD TAKE FULL ADVANTAGE. THE FACT THAT MOST PARTICIPANTS IN THIS YEAR'S FAIR REPRESENTED TELECOMMUNICATIONS, COMPUTER, MEASURING INSTRUMENTS, AND OFFICE MACHINE MANUFACTURING INDUSTRIES AND THAT THESE CATEGORIES CORRELATE CLOSELY WITH AREAS OF THE HUNGARIAN ECONOMY SLATED FOR DEVELOPMENT INTO THE 1980'S SUGGESTS THAT THE EXPANDED THEME AND PRODUCT CATEGORIES RECOMMENDED IN REFTEL B ARE APPROPRIATE

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FOR A U.S. EXHIBITION AT THE 1979 BUDAPEST INTERNATIONAL SPRING FAIR. EMBASSY ENCOURAGES USDOC TO BEGIN RECRUITMENT ASAP.

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